



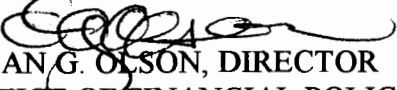
Department of Energy

Washington, DC 20585

March 9, 2006

MEMORANDUM FOR DISTRIBUTION

FROM:


DEAN G. OLSON, DIRECTOR
OFFICE OF FINANCIAL POLICY

SUBJECT:

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)
FY 2006 INFORMATION REQUEST

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," of December 1990, for measuring and recognizing costs and liabilities associated with contractor PRB. The Department will use unfunded liability transactions to annually accrue the incremental PRB costs and liabilities (i.e., amounts required beyond "pay-as-you-go" requirements). In this regard, the requirements contained in the attached "Department of Energy Postretirement Benefit Plans, 2006 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing PRB obligation. Your submissions will be reviewed by Headquarters and used in the development of yearend accrual estimates, as well as consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits." **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The required standardized assumptions contained in the information request have been reviewed and updated as needed (e.g., **the medical trend rates have been adjusted; the mortality table has been updated; and the required discount rate selected is 5.25%**). Also, Table A-2b, "Postretirement Benefit Obligation Over/Under 65" and Table A-2c, "Trend Sensitivity," have been added to this year's information request. This information will provide a further breakdown of the liability and the effect of a one-percentage-point increase/decrease in the assumed health care cost trend rates. In addition, the FY 2006 information request provides, as attachments, a copy of any FY 2005 individual contractor memoranda developed by Chet Andrzejewski of Aon Consulting, Inc. regarding any additional information requested as a result of the FY 2005 review process and applicable individual contractor disclosure sheets, "9/30/2005 Disclosure Information under FAS Statement No. 106." These disclosure sheets contain information necessary for the completion of the FY 2006 information request. For example, the amount on Line D.5, "9/30/2005 Total Accrued Postretirement Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line A.1, "Accrued Postretirement Benefit Cost at 9/30/2005," of the information request.



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As required in previous information requests, the PRB estimates must be developed by the contractors through the use of qualified actuarial support. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (CF-50) and one (1) hard copy to our Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 500 East Pratt Street, Baltimore, Maryland 21202, by June 19, 2006. (Please note Aon's address has changed.) A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 2000 and Microsoft Excel 2000**) must be included with each contractor submission to CF-50 and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to CF-50 for concurrence prior to processing the valuations. **Please note that due to the established schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to CF-50 and to our Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Energy Finance and Accounting Service Center shall be followed for recording PRB liabilities. It should also be noted adjustments to the accrual estimates may be required as additional information becomes available by yearend (e.g., actual employer cash costs for the fiscal year and updated asset information, if applicable, required by August 24, 2006).

Please forward the name, phone number, fax number, and e-mail address of a point of contact to CF-50 by March 31, 2006. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

Attachments

DISTRIBUTION

Thomas C. Foley, Chief Financial Officer, CH
Timothy A. Rea, Finance Team Leader, GFO
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Sharon K. Marchant, Chief Financial Officer, NETL
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Consolidated Business Center, EM-3.3

March 8, 2006